

## REMARKS

Applicants respectfully request reconsideration of the present application in view of the foregoing amendments and in view of the reasons that follow.

Paragraph number [0112] of the specification is currently being amended. No new matter is added.

Claims 1-10 and 20-25 are currently being amended. No new matter is added.

This amendment adds, changes and/or deletes claims in this application. A detailed listing of all claims that are, or were, in the application, irrespective of whether the claim(s) remain under examination in the application, is presented, with an appropriate defined status identifier.

After amending the claims as set forth above, claims 1-10 and 20-25 are now pending in this application.

### **Amendments to the Specification and Claims**

Claims 1 and 20 are currently being amended to recite “computer-executable instructions tangibly embodied on computer readable media, the computer-executable instructions being executable by a computer. The Specification is also currently being amended to explicitly state that “[c]omputer system 310 utilizes computer-executable instructions tangibly embodied on computer readable media, where the computer-executable instructions are executable by a computer to implement component elements of computer system 310.” Applicants respectfully submit that computer-executable instructions tangibly embodied on computer readable media are an inherent feature of a computer system. Accordingly, no new matter has been added.

**Claim Rejections – 35 U.S.C. § 101**

On page 2 of the Office Action, the Examiner rejected Claims 1-10 and 20-24 under 35 U.S.C. § 101 as being directed to non-statutory subject matter. Claims 1 and 20, as amended, each recite “a system for creating and maintaining financial assets.” Applicants respectfully submit that Claims 1-10 and 20-24, as amended, are directed to statutory subject matter. Accordingly, Applicants respectfully request withdrawal of the rejection of Claims 1-10 and 20-24 under 35 U.S.C. § 101.

**Claim Rejections – 35 U.S.C. § 102**

On page 3 of the Office Action, the Examiner rejected Claims 1, 7 and 25 under 35 U.S.C. § 102(e) as being anticipated by U.S. Patent Pub. No. 2006/0074793 to Hibbert et al. (“Hibbert”). Applicants respectfully traverse the rejections. Applicants respectfully reserve the right to antedate Hibbert in this and/or future proceedings.

Hibbert discloses a transaction management system for facilitating analysis and management of financial transactions. See Hibbert, para. 0001. Specifically, Hibbert discloses a system for facilitating tasks associated with purchasing and selling whole loans, or pools of mortgage loans. See Hibbert, para. 0011. The system disclosed by Hibbert includes a work flow management engine that supports a plurality of work flows each directed to different whole loan transactions, such as whole loan purchasing, whole loan sales, and whole loan securitizations. See Hibbert, para. 0031.

Independent Claim 1, as amended, is not anticipated by Hibbert because Hibbert does not identically disclose all elements of Claim 1. Claim 1 recites, in combination with other elements, “a decomposition tool configured to decompose each of the plurality of home mortgage loans into a plurality of sub-loan level cash flows.” In one exemplary embodiment, a type of sub-loan level cash flow may be a cash flow derived from late payment fees. Hibbert discloses pooling whole loans together for purchase by an investment bank. See Hibbert, para. 0002. However, Hibbert does not disclose “a decomposition tool configured to decompose .... loans into a

plurality of sub-loan level cash flows.” Hibbert does not disclose decomposing loans, rather it discloses a system for managing the purchase and sale of whole loans. Accordingly, Hibbert fails to disclose the “decomposition tool” feature of Claim 1.

Furthermore, Claim 1 recites a repackaging tool that is not disclosed in Hibbert. The repackaging tool repackages the plurality of sub-loan level cash flows using a number of steps, including “selecting,” “packaging” and “repeating” steps. Hibbert discloses repackaging pools of whole loans based on criteria such as credit quality and yield. Hibbert does not disclose “a repackaging tool configured to repackage the plurality of *sub-loan level cash flows*” as recited in Claim 1 (emphasis added).

Additionally, Hibbert fails to disclose the several steps associated with the repackaging tool. The selecting step recites as follows:

selecting a sub-combination of the plurality of sub-loan level cash flows, the sub-combination of sub-loan level cash flows comprising like-ones of the plurality of sub-loan level cash flows from across the plurality of home mortgage loans, and the sub-combination of sub-loan level cash flows exhibiting heightened sensitivity to at least one of the different types of sub-loan level risk relative to the sensitivity exhibited by the plurality of home mortgage loans as a whole,

For example, the sub-combination of the plurality of sub-loan level cash flows that may be selected include cash flows derived from late payment fees. The late payment fees are “like-ones of the plurality of sub-loan level cash flows from across the plurality of home mortgage loans,” that is, they are like each other (they are all late payment fees) and they are selected from across the plurality of home mortgage loans. The late payment fee cash flows in combination exhibit heightened sensitivity to the sub-loan level risk in accordance with the heightened sensitivity to the sub-loan level risk exhibited by each of the late payment fee cash flows individually.

Assuming, *arguendo*, that Hibbert discloses a “selecting” step, it does so only with respect to whole loans, and not with respect to sub-loan level cash flows as recited in Claim 1.

The packaging step recites as follows:

packaging the sub-combination of sub-loan level cash flows to create one of the financial assets, the financial asset that is created accentuating the at least one of the different types of sub-loan level risk in accordance with the heightened sensitivity exhibited by the sub-combination of sub-loan level cash flows, thereby configuring the financial asset to operate as a hedge against a risk that opposes the at least one of the different types of sub-loan level risk, and

In the illustrated example, the cash flows derived from late payment fees would be packaged to form a financial asset. As compared to the mortgage loan as a whole, the financial asset accentuates the risk associated with late payment fees not being received, i.e., in accordance with the heightened sensitivity which is exhibited by the combination of late payment fee cash flows which back the financial asset. The financial asset that is formed is thereby configured to operate as a hedge for the investor, for example, against the risk of a sudden downturn in the economy. Again, Hibbert discloses “packaging” only with respect to whole loans, and not with respect to sub-loan level cash flows as recited in Claim 1.

The repeating step recites as follows:

repeating the selecting and packaging steps to create additional financial assets, the additional financial assets including different financial assets which accentuate other ones of the different types of sub-loan level risk;

Thus, in the same way as has been described in connection with a financial asset backed by late payment fees, other financial assets are created which accentuate other ones of the different types of sub-loan level risk. It may be noted that the financial assets may be backed by combinations of sub-loan level cash flows from each loan. For example, to more optimally configure a financial asset to operate as a hedge against a certain type of risk, the financial asset may be backed by late payment fees as well as other ones of the sub-loan level cash flows or portions thereof which exhibit other risk characteristics. The financial assets that are thereby created are configured to operate as hedges against other risks that oppose the other ones of the different types of sub-loan level risk. Again, assuming, *arguendo*, that Hibbert discloses a “repeating”

step, it does so only with respect to whole loans, and not with respect to sub-loan level cash flows as recited in Claim 1.

Claim 1 is not anticipated by Hibbert because Hibbert fails to identically disclose the “decomposition tool” and “repackaging tool” as well as several steps associated with the “repackaging tool” recited in Claim 1. Accordingly, Applicants respectfully request withdrawal of the rejection of Claim 1. Claims 7 and 25 depend from Claim 1 and are not anticipated for at least the reasons stated above with respect to Claim 1. See 35 U.S.C. § 112 ¶ 4. Accordingly, Applicants respectfully request withdrawal of the rejection of those Claims as well.

### **Claim Rejections – 35 U.S.C. § 103**

On page 11 of the Office Action, the Examiner rejected Claim 20 under 35 U.S.C. § 103(a) as being unpatentable over U.S. Patent No. 6,012,047 to Mazonas et al. (“Mazonas”) in view of Hibbert. Applicants respectfully traverse the rejections.

Claim 20, as amended, is not obvious over Mazonas in view of Hibbert because Mazonas and Hibbert, alone or in proper combination, do not disclose all features recited in Claim 20. Claim 20 recites a “repackaging tool” and associated “selecting,” “packaging” and “repeating” steps similar to those recited in Claim 1. As stated above, these steps are not disclosed by Hibbert. Mazonas does not cure Hibbert’s lack of disclosure of these features.

Furthermore, Mazonas and Hibbert, alone or in proper combination, do not disclose the “servicer reporting logic configured to account for a compensation provided to a servicer, the servicer reporting logic further configured to relate the compensation to the value of the home mortgage loan, wherein compensation provided to the servicer does not decrease through time during a term of the loan, the accounting being performed by a computer-implemented data processing system” recited in Claim 20. The Examiner cites Mazonas as disclosing this feature. Mazonas discloses “sending periodic accounting statements” along with performing other tasks related to managing the servicing of the reverse mortgage loan. See Mazonas, column 3, lines 43-50. However, Mazonas does not disclose “servicer reporting logic configured to account for a

*compensation provided to a servicer*” as recited in Claim 20 (emphasis added). Mazonas does not appear to discuss compensation provided to a servicer, much less accounting for such compensation. Hibbert does not cure Mazonas’ lack of disclosure of this feature of Claim 20.

Additionally, Mazonas does not teach or relate to “home mortgage loans”. Mazonas discloses a system for managing the servicing of a reverse mortgage. See Mazonas, Title, Field of Invention, Objects and Summary of the Invention. A reverse mortgage is credit offered to a homeowner based on the equity in their house. See Mazonas, column 1, lines 54-56. A reverse mortgage is not the same as a home mortgage loan.

Claim 20 is not obvious over Mazonas in view of Hibbert because Mazonas and Hibbert, alone or in proper combination, do not disclose the “servicer reporting logic” and “repackaging tool,” as well as the “selecting,” “packaging,” and “repeating” steps associated with the repackaging tool, recited in Claim 20. Accordingly, Applicants respectfully request withdrawal of the rejection of Claim 20.

On page 12 of the Office Action, the Examiner rejected Claims 21-24 under 35 U.S.C. § 103(a) as being unpatentable over Mazonas in view of Hibbert in further view of U.S. Patent No. 6,070,151 to Frankel (“Frankel”). Claims 21-24 depend from Claim 20, and are nonobvious for at least the reasons stated above with respect to Claim 20. See 35 U.S.C. § 112 ¶ 4. Frankel does not cure the failure of Hibbert and Mazonas to disclose the features recited in Claim 20. Accordingly, Applicants respectfully request withdrawal of the rejection of Claims 21-24.

On page 6 of the Office Action, the Examiner rejected Claims 2-6 and 8-10 under 35 U.S.C. § 103(a) as being unpatentable over Hibbert in view of Frankel. Claims 2-6 and 8-10 depend from Claim 1, and are nonobvious for at least the reasons stated above with respect to the rejection of Claim 1 under 35 U.S.C. § 102(e). See 35 U.S.C. § 112 ¶ 4. Frankel does not cure the failure of Hibbert to disclose the features recited in Claim 1. Accordingly, Applicants respectfully request withdrawal of the rejection of Claims 2-6 and 8-10.

**Conclusion**

Applicants believe that the present application is now in condition for allowance. Favorable reconsideration of the application as amended is respectfully requested.

The Examiner is invited to contact the undersigned by telephone if it is felt that a telephone interview would advance the prosecution of the present application.

The Commissioner is hereby authorized to charge any additional fees which may be required regarding this application under 37 C.F.R. §§ 1.16-1.17, or credit any overpayment, to Deposit Account No. 19-0741. Should no proper payment be enclosed herewith, as by the credit card payment instructions in EFS-Web being incorrect or absent, resulting in a rejected or incorrect credit card transaction, the Commissioner is authorized to charge the unpaid amount to Deposit Account No. 19-0741. If any extensions of time are needed for timely acceptance of papers submitted herewith, Applicants hereby petition for such extension under 37 C.F.R. §1.136 and authorize payment of any such extensions fees to Deposit Account No. 19-0741.

Respectfully submitted,

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